

HOUSE BILL 775

Q3
HB 819/10 – W&M

11r2087

By: **Delegates Love, Barkley, Barnes, Beidle, Bohanan, Bromwell, Costa, Donoghue, Dwyer, Frush, Gaines, George, Jameson, Kipke, McConkey, O'Donnell, Schuh, and Sophocleus**

Introduced and read first time: February 10, 2011

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – U.S. Government Employees' Foreign Earned Income**

3 FOR the purpose of repealing a certain limitation on the application of a subtraction
4 modification under the Maryland income tax for certain foreign earned income
5 of employees of the United States or of any agency of the United States;
6 providing for the application of this Act; and generally relating to an income tax
7 subtraction modification for certain foreign earned income of an individual
8 earned as an employee of the United States or of an agency of the United States.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–207(a)
12 Annotated Code of Maryland
13 (2010 Replacement Volume)

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 10–207(w)
17 Annotated Code of Maryland
18 (2010 Replacement Volume)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Tax – General**

22 10–207.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) To the extent included in federal adjusted gross income, the amounts
2 under this section are subtracted from the federal adjusted gross income of a resident
3 to determine Maryland adjusted gross income.

4 (w) (1) In this subsection:

5 (i) except as provided in item (ii) of this paragraph, “foreign
6 earned income” means foreign earned income within the meaning of § 911(b)(1) of the
7 Internal Revenue Code, subject to the limitation under § 911(b)(2) of the Internal
8 Revenue Code; and

9 (ii) “foreign earned income” includes amounts paid by the
10 United States or an agency of the United States to an employee of the United States or
11 of an agency of the United States.

12 (2) Subject to the limitation under paragraph (3) of this subsection,
13 [for each taxable year beginning after December 31, 2006, but before January 1,
14 2010,] the subtraction under subsection (a) of this section includes the foreign earned
15 income of an individual earned as an employee of the United States or of an agency of
16 the United States.

17 (3) The amount subtracted under this section:

18 (i) does not include any amount subtracted under any other
19 provisions of this section; and

20 (ii) may not exceed \$3,500 for any taxable year.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2011, and shall be applicable to all taxable years beginning after December 31,
23 2010.